PRINCE EDWARD ISLAND

CROP INSURANCE AGENCY

1985-86

ANNUAL REPORT

PHONE 892-4101

PRINCE EDWARD ISLAND

CROP INSURANCE AGENCY

The Honourable Tim Carroll
Minister of Agriculture
Dept. of Agriculture
P.O. Box 2000
Charlottetown
Province of Prince Edward Island

Sir:

I have the honour of submitting herewith the Annual Report of the Canada-Prince Edward Island Crop Insurance Agency.

This report includes a brief summary of operations and the audited Financial Statements for the fiscal year ending March 31st, 1986.

Respectfully Submitted,

Ronald B. McInnis
Manager
Prince Edward Island
Crop Insurance Agency

1985-86 ANNUAL REPORT

OF

THE CROP INSURANCE AGENCY OF P.E.I.

FOR THE FISCAL YEAR ENDING MARCH 31, 1986

BOARD MEMBERS

Bill Lewis	-	Chairman
Raynall MacNeill	-	Secretary
George Walsh	-	Member
Fred McCardle	-	Member
John MacKinnon	-	Member

OFFICE STAFF

Ronald B. McInnis	-	Manager
Jean Morrison	-	Accountant
Gloria Dalziel	-	Secretary
Scott MacPhail	-	Technician

FIELD STAFF

Holland Cahill	-	Tignish
Clarence Ross	-	Bonshaw
John Fitzpatrick	-	Sherwood

The Prince Edward Island Crop Insurance Agency is a Crown Corporation of the Province of Prince Edward Island under the authority of the Minister of Agriculture.

OBJECTIVES OF THE AGENCY

(a) The objectives of the Agency are to make available to Prince Edward Island Farmers, a comprehensive all-risk crop insurance plan, which in years of crop losses will return to the farmer his cost of production.

(b) Offer protection against crop loss caused by all natural hazards from date of seeding to the final harvest date.

RESPONSIBILITIES

1. Administration of the Crop Insurance Act.
2. Administration of Crop Insurance Plans, established by regulations, including the function of selling, underwriting, claims adjusting and accounting.
3. Conducting surveys and research programs relating to crop insurance.
4. Train staff to maintain a high degree of efficency of operation.

FINANCIAL PARTICIPATION

The Government of Canada provides financial assistance to the Canada-Prince Edward Island Crop Insurance Program by contributing fifty percent of the total premium required each year. The Federal Government's contribution to this program totalled $1,285,669.00 for 1985-86.

The Government of Prince Edward Island contributes all of the administrative costs, totalling approximately $197,534.00 for the year 1985-86.

P.E.I. CROP INSURANCE PROGRAMS FOR 1986

PLANS AVAILABLE	COVERAGE AVAILABLE	UNIT PRICE	PREMIUM
1. Potatoes	75%	3.5¢ & 4¢ per pound	7%, 9% & 12%
2. Spring Grains	75%	5¢, 6¢, & 7¢ per pound	10.00%
3. Field Peas	75%	5¢, 6¢, & 7¢ per pound	10.00%
4. Corn	75%	$12.00 per ton	10.00%
5. Tobacco	80%	90% of last two years' average	5.60%
6. Cole Crops	80%	90% of last two years' average	12.00%
7. Processing Peas	$264.00	per acre	$31.68 per acre
8. Cabbage	70%	$2.50 per bushel	9.50%
9. Rutabagas	80%	$1.15 per bushel	12.80%
10. Strawberries	up to $1400.00	per acre	8.60%
11. Winter Cereals	75%	7¢ per pound	10.00%
12. Soybeans	75%	9¢ per pound	10.00%

1985 CROP SUMMARY

CROPS	CONTRACTS	ACRES	PREMIUM	COVERAGE
POTATOES	413	27,195	2,023,518	18,604,913
GRAIN	163	13,041	134,406	1,315,115
TOBACCO	63	3,178	348,748	6,827,613
CORN	3	81	1,133	11,331
RUTABAGAS	20	144	8,428	61,695
COLE CROPS*	21	128	11,780	102,534
STRAWBERRIES	4	30	2,594	30,050
PROCESSING PEAS	5	551	17,456	145,464
WINTER CEREALS	19	1,419	21,999	219,939
SOYBEANS	15	563	7,273	72,723
TOTAL	726	46,330	2,577,335	27,391,377

* Broccoli
Brussel Sprouts
Cauliflower
Cabbage

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

FINANCIAL STATEMENTS

MARCH 31, 1986

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crop Insurance Agency

I have examined the balance sheet of the Prince Edward Island Crop Insurance Agency as at March 31, 1986 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Agency as at March 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. Huisman

R. Huisman, C.A.
Acting Auditor General

Charlottetown, Prince Edward Island
June 13, 1986

STATEMENT 1

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

BALANCE SHEET

MARCH 31, 1986

(with comparative figures at March 31, 1985)

ASSETS

	1986	1985
Current Assets		
Cash	$ 15,043	$ 93,231
Accounts Receivable	18,411	-
Interest Receivable	-	52,397
Deposit Receipts - Province of P.E.I.	-	800,000
	$ 33,454	$ 945,628

LIABILITIES AND RETAINED EARNINGS

Current Liabilities		
Accounts Payable	$ -	$ 23,358
Indemnities Payable - Note 1	684,208	149,629
Deferred Revenue	32,051	34,412
Promissory Note -Province of P.E.I. - 12-1/2% interest rate	500,000	-
	1,216,259	207,399
Retained Earnings		
Balance, Beginning of Year	738,229	1,314,405
Income (Loss) for the Year	(1,921,034)	(576,176)
Balance, End of Year - Note 4	(1,182,805)	738,229
	$ 33,454	$ 945,628

(Notes 1 to 4 are an integral part of these financial statements)

ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: Edward J. MacDonald

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1986

(with comparative figures for the year ended March 31, 1985)

	1986	1985
Income		
Insurance Premiums	$1,288,738	$1,140,166
Federal Contributions - Note 2	1,284,344	1,139,948
Provincial Appropriation - Note 3	197,534	187,069
Interest	113,799	202,586
	2,884,415	2,669,769
Expenses		
Indemnities - Schedule 1	4,599,323	3,058,876
Administrative Expenses - Note 3	197,534	187,069
Interest	6,795	-
Bad Debt	1,797	-
	4,805,449	3,245,945
Income (Loss) for the Year	$(1,921,034)	$ (576,176)

(Notes 1 to 4 are an integral part of these financial statements)

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1986

1. Appeal Board

By Order-In-Council No. EC220/80 dated March 13, 1980 an Appeal Board was established pursuant to Section 24 of the Crop Insurance Act Regulations. As of June 17, 1986 eleven appeals totalling $402,944 have been granted by the Appeal Board affecting the fiscal year ended March 31, 1986.

2. Federal Contributions

The Government of Canada contributes amounts on a quarterly basis to match the premium income paid by insured farmers.

3. Provincial Appropriation - Administrative Expenses

The Administrative Expenses were appropriated by the Province of Prince Edward Island and paid through the Department of Agriculture on behalf of the Crop Insurance Agency.

Administrative Expenses	1986	1985
Salaries	$167,091	$161,565
Travel	22,663	20,688
Supplies and Administration	2,350	1,936
Fees - Board Members	5,430	2,880
	$197,534	$187,069

4. Retained Earnings

Section 65 of the Financial Administration Act of the Province states that "profits or losses of Crown Corporations shall be taken into the revenues or expenditures of the Consolidated Fund in the year in which they become apparent unless the Lieutenant Governor in Council declares by Minute-in-Council that the profit is to be retained or the loss recouped by the Crown Corporation". Order-in-Council No. EC422/86 states that the accumulated deficit of the Prince Edward Island Crop Insurance Agency for the year ended March 31, 1986 in the amount of $1,182,805 shall be recouped by the Corporation.

SCHEDULE 1

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

SCHEDULE OF PREMIUMS AND INDEMNITIES BY PROGRAM

AS AT MARCH 31, 1986

	Excess Premiums (Indemnities) Beginning	Premiums	Indemnities	Excess Premiums (Indemnities) Ending
Potatoes	$(1,106,076)	$2,019,369	$4,300,373	$(3,387,080)
Tobacco	1,365,725	348,644	102,469	1,611,900
Grain	131,331	134,406	84,672	181,065
Cole Crops	(271,713)	11,780	12,047	(271,980)
Rutabagas	(9,725)	8,428	15,960	(17,257)
Processing Peas	93,616	17,456	31,872	79,200
Corn	(2,051)	1,133	-	(918)
Winter Wheat	-	22,000	39,688	(17,688)
Other	2,705	9,866	12,242	329
	$ 203,812	$2,573,082	$4,599,323	$(1,822,429)
			Other Retained Earnings	639,624
			Retained Earnings	$(1,182,805)